

A. 196

Jon Holloway/UK/ABAS/PwC@EMEA-UK

01/28/2009 02:47 AM

To Michael Guarnuccio/US/ABAS/PwC@AMERICAS-US@INTL
cc
bcc
Subject Re: Fw: Severance v.
BonusFC1865BA47FB1557852576BE005AE39D

Agreed. They have to pay 2bn unless there are leavers, and they have to pay sev based on ex lehman terms.

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26/01/2009 17:23
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"Reply to All" is Disabled

Action (To) Jon Holloway/UK/ABAS/PwC@EMEA-UK@INTL
Information (cc)
Subject Fw: Severance v. Bonus

FYI - this is the \$150 million bonus related item.

I don't agree there is any leeway in the APA to get to their decision. I would appreciate your thoughts to the extent you have any on the relevant sections of the APA I note below. Thanks

[Michael Guarnuccio | PricewaterhouseCoopers LLP](#)

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----- Forwarded by Michael Guarnuccio/US/ABAS/PwC on 01/26/2009 12:23 PM -----

<martin.kelly@barclayscapital.com>

01/26/2009 12:17 PM

"Reply to All" is Disabled

To Michael Guarnuccio/US/ABAS/PwC@Americas-US
cc <James.Walker@barclayscapital.com>
Subject RE: Severance v. Bonus

Mike - there is a call scheduled tomorrow at 8am between your team and Paul Exall in HR - purpose to discuss what may be paid out of the \$2b - our view is that the \$2b may be used to discharge severance payments. Suggest we speak again on/after tomorrow's call.

Regards - Martin

From: michael.guarnuccio@us.pwc.com [mailto:michael.guarnuccio@us.pwc.com]
Sent: Monday, January 26, 2009 11:24 AM
To: Kelly, Martin: Finance (NYK)
Cc: Walker, James: Finance (NYK)
Subject: Severance v. Bonus

Martin - I left a message in your office, but wanted to let you know my thoughts related to the \$150 million of the cash bonus accrual related to the legacy Lehman employees.

Section 9.1 (b) of the APA says Barclays will provide each Transferred Employee who is terminated during the period between closing to 12/31/08 severance payments and benefits at levels at least equivalent to the legacy Lehman severance policy.

Section 9.1 (c) of the APA says Barclays will pay each Transferred Employee an annual bonus equal, in aggregate, to 100% of the bonus pool amounts accrued in respect of **incentive compensation** payable by Lehman as of 9/16/08. Such amount of incentive compensation was agreed to be \$2 billion, as reflected on the financial schedule between Barclays and Lehman.

We discussed this with HR (Paul Exall) back in September and it was confirmed to us then that the \$2 billion was only for bonus and the severance amounts to be paid were separate. It was also discussed with finance that there would be nothing for severance on the opening balance sheet since no plan had been put in place or announced as at the acquisition date. I understand that there was the potential to pay additional amounts beyond the required severance amounts, at management's discretion, and we agreed that such amounts, if paid, could be considered part of the \$2 billion incentive comp, but again, not the base severance amount.

I am happy to discuss or review what you guys have put together to support the current position.

Regards

Mike

Michael Guarnuccio | PricewaterhouseCoopers LLP

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